

GIBBONS, DEL DEO, DOLAN, GRIFFINGER & VECCHIONE

A PROFESSIONAL CORPORATION

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RECEIVED & INSPECTED

AUG 31 2004

FCC - MAILROOM

August 30, 2004

Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Re: **Chad School**
Billed Entity Number: 7087
471 Application Number: 247033
FRNs: 600007, 600058, 600092 & 600136

Chad Science Academy
Billed Entity Number: 7086
471 Application Number: 247454
FRNs: 601037, 601081, 601109 & 601150

The Children's Academy
Billed Entity Number: 222411
471 Application Number: 239449
FRNs: 566552, 566574, 566607 & 566640

New Visions Academy
Billed Entity Number: 223454
471 Application Number: 253179
FRNs: 624371, 624477, 624540, 624594, 624689 & 624742

Full Gospel Christian Academy
Billed Entity Number: 223405
471 Application Number: 253436
FRNs: 625466, 625589, 625656, 625760, 625826 & 625891

Dear Sir or Madam:

In connection with the above-referenced entities and **CC Docket No. 02-6**, Exigent Technologies, L.L.C., (SPIN No. 143022471), ("Exigent"), hereby requests a waiver of the recovery of funds disbursed contrary to the rules and regulations of the Schools and Libraries Division of the Universal Service Administrative Company and the FCC. Alternatively, this document should be considered an appeal of the SLD's decisions, discussed below. For the reasons set forth in detail below, a waiver should be granted to avoid putting Exigent, a small company, out of business and its few employees out of work.

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I. EXECUTIVE SUMMARY

On December 20, 2002, this Firm was retained by Exigent and its owners Dan Haurey and Alex Zaltsman, a service provider that received federal funds from the Schools and Libraries Universal Service Support Mechanism (the "E-Rate Program") of the Universal Service Fund. Exigent had recently become aware of a fraud perpetrated on it and four schools by Robert Ferrano, its independent contractor and a former USAC employee. Exigent requested that we conduct an internal investigation. After reviewing the conclusions of our investigation, Exigent instructed this Firm to contact the Universal Service Administrative Company ("USAC") and self-report the E-Rate Program rule violations discussed below.¹ Basically, those violations arose from Ferrano's actions in informed the schools and Exigent that the non-discounted portion of the bills could be "donated" by Exigent and that the schools did not have to pay their share.

Exigent stepped forward in an effort to do the right thing and to prevent the disbursement of over \$5 million in pending E-Rate funding requests that Exigent believes were improperly submitted by Ferrano while working at two other service provider.² Exhibit 1. Based upon our analysis of publicly available documents, it appears Exigent's information helped prevent a significant further fraud by Ferrano. Further, Exigent has repeatedly offered to return approximately \$110,000 to USAC, which represents the amount of the non-discounted portion of its bills from the five schools ("the Schools") with which it did business. Since self-reporting Ferrano's conduct, Exigent has enjoyed a cooperative, productive and positively unique relationship with USAC, having had direct contact with on numerous occasions.

Thus, in sum, the funds currently sought for repayment arise from the conduct that Exigent investigated, analyzed and self-reported to USAC.

II. FACTUAL BACKGROUND

A. Corporate History

Exigent is a New Jersey limited liability company that was formed by Dan Haurey and Alex Zaltsman in 1997. The company installs, supports and maintains computer networks for companies with between two and 100 employees. Exigent operates out of modest offices located

¹ In addition to the rule violations discussed below, Exigent concluded, and informed USAC, that Ferrano may have had someone on the "inside" at SLD.

² After Exigent terminated Ferrano based on suspicions that he had lied regarding the E-Rate Program, it appears that he filed approximately \$5 million in E-Rate funding requests through Diversified Computer Systems, Inc., a company located in Fairfield, New Jersey. After notifying USAC of this, Exigent subsequently notified USAC of additional funding requests it believed Ferrano had submitted through a different employer. Exhibit 1. Exigent strongly believes that Ferrano caused these funding requests to be submitted based on the same type of dishonest conduct in which he engaged at Exigent. To this end, Exigent informed USAC that these requests should be scrutinized prior to disbursing the requested funds. Based on our analysis of publicly available documents, it appears as though these requests were analyzed and denied for, as predicted, a failure to comply with SLD rules.

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in Morristown, New Jersey. Currently, Exigent employs approximately ten (10) people. Exigent has posted sales of between \$250,000 and \$1.1 million per year, exclusive of the one year in which it participated in the E-Rate Program.

Neither Mr. Haurey nor Mr. Zaltsman have any experience in applying for funds from government programs or in providing services to educational facilities. Indeed, from its formation in 1997 until late 2000, when approached by Ferrano, Exigent did no business whatsoever with the federal government and only occasional, incidental business with small municipal entities. Other than its limited participation in the E-Rate Program during Funding Year 4, Exigent has always and continues to focus on providing computer network services to small business such as law firms, manufacturing companies, physician offices and car dealerships.

B. The Internal Investigation

1. Exigent Retains Counsel And Commences An Internal Investigation

On December 19, 2002, Dan Haurey became aware of a story in New York Newsday, which detailed a complaint filed by the U.S. Attorney's Office for the Southern District of New York against Connect2 Internet Networks. For the first time, he and Mr. Zaltsman realized the consequences and the magnitude of the dishonest actions taken by Robert Ferrano, the former independent contractor who had founded and managed Exigent's E-Rate Program. The very next day, Mr. Haurey retained this Firm to conduct an internal investigation into Exigent's participation in the E-Rate Program and to advise the company and its owners on a course of action. As he had done on Exigent's behalf before, which is discussed below, Mr. Haurey sought the advice of counsel and stated, in no uncertain terms, that Exigent and its owners wanted to do "what was right." It is with that intent that this Firm was directed to contact USAC and self-report the results of our investigation.

2. The Scope Of This Firm's Internal Investigation

Our Firm's investigation involved the analysis of numerous documents in Exigent's possession, including E-Rate Program Forms 470, 471, 473, 474, 486, and Funding Commitment Decision Letters; correspondence between Exigent and USAC, and between Exigent at the Schools; and financial records regarding the equipment billed and provided to the Schools by Exigent pursuant to the E-Rate Program. We have also analyzed publicly available documents regarding pending and past E-Rate funding requests, as well as the E-Rate Program rules. Further, we have conducted extensive interviews with Mr. Haurey and Mr. Zaltsman, the owners of Exigent. Given that Exigent sought to provide immediate assistance to USAC regarding the \$5 million in pending requests discussed above, we did not, as we ordinarily would have during the course of such an investigation, interview Ferrano or the representatives of the Schools.

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C. The Results Of Our Firm's Internal Investigation

1. Exigent's Participation In The E-Rate Program

Our investigation revealed that while acting as an independent contractor on Exigent's behalf, Ferrano, a former employee of the USAC office in Whippany, New Jersey, caused several schools and Exigent to violate E-Rate Program rules by indicating that Exigent could "donate" the school's portion of Exigent's bills. This began toward the end of 2000, when Mr. Haurey was contacted by Ferrano, who was a certified public accountant. Ferrano informed Haurey that the E-Rate Program represented a good business opportunity for Exigent and that he, Ferrano, could act as Exigent's salesperson. Based on his employment at USAC, Ferrano held himself out as an "expert" on E-Rate. As evidence of his knowledge and background, Ferrano took Mr. Haurey and Mr. Zaltsman to lunch with USAC employees on at least two occasions. As noted, prior to being contacted by Ferrano, neither Exigent nor Mr. Haurey or Mr. Zaltsman had ever heard of E-Rate, nor had they done any business with schools. Eventually, Exigent and Ferrano executed an employment contract which set forth the terms of Ferrano's employment as an independent contractor, specifically stating that Ferrano's employment was to focus exclusively on the E-Rate Program and that his compensation was based solely on commissions regarding Exigent's participation in the E-Rate Program.

Ferrano chose the schools that he would pitch on Exigent's behalf, later informing Mr. Haurey and Mr. Zaltsman that only those schools with a high discount percentage were eligible to receive E-Rate funds for the type of services Exigent provided. Ferrano contacted the schools and informed them that he could help the school acquire computer and internet technology. During late 2000, Ferrano, often accompanied by either Mr. Haurey or Mr. Zaltsman, visited each school to make a sales presentation.

At these meetings and during the ensuing months, Ferrano made significant misrepresentations to the Schools, Mr. Haurey and Mr. Zaltsman regarding the requirements of the E-Rate Program. For example, Ferrano informed the Schools, Mr. Haurey and Mr. Zaltsman, that Exigent could "donate" the school's portion of Exigent's bills, i.e., that the Schools would not have to pay the non-discounted portion of Exigent's bills. At the time, donating money to an inner city school in this fashion so it could be equipped with educational computers seemed like a worthwhile endeavor and one which Exigent readily supported. Of course, as Dan and Alex now know, this is not permitted.

Ultimately, Ferrano convinced the following five schools to apply for E-Rate funding:

- Full Gospel Christian Academy
531 South Orange Avenue
Newark, New Jersey

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- The Chad School
308 South 9th Street
Newark, New Jersey
- The Chad Science Academy
370 South 7th Street
Newark, New Jersey
- The Children's Academy
24 Central Avenue
Newark, New Jersey
- New Visions Academy
739 South 20th Street
Newark, New Jersey

Once each school indicated a desire to apply for E-Rate funding, Ferrano guided a school representative and Exigent every step of the way, often causing both to violate E-Rate Program rules.³ Ferrano indicated that Technology Plans were not required.⁴ He completed Forms 470 on the Schools' behalf, occasionally enlisting Dan's assistance. Ferrano prepared Exigent's bid, making the decision regarding the products to be sold to the Schools and the prices to be charged. It appears that in order to increase his commissions, Ferrano may have used his "experience" at USAC to sell the Schools more equipment than they needed and to charge more than he should have; it may, however, be difficult to ascertain the extent of Ferrano's actions in this regard. At Ferrano's request and direction, the Schools and Exigent submitted Forms 486 and 474 earlier than permitted under E-Rate Program rules. And finally, Ferrano informed the Schools, Mr. Haurey and Mr. Zaltsman that Exigent could engage in "product substitutions" in order to provide a school with a fully operational computer network. Thus, for example, while a school may have been billed for four file servers, it received two file servers, and numerous PCs and additional equipment, such as projectors, printers and laptops, for which it was never billed.

Although not excusing any violation of the E-Rate Program rules, it is important to recognize that each school received a fully operational computer network that remains in use and continues to provide benefits to the staff and the students. Further, Exigent has always honored its commitment to the Schools and, even after terminating Ferrano, has continued to supply technical and other support as requested by the Schools. In fact, two of the Schools have been so impressed with Exigent's commitment that, even after being informed by Exigent that Ferrano

³ As noted, because neither Mr. Haurey nor Mr. Zaltsman had the background to navigate the E-Rate process, they relied on Ferrano for all aspects of Exigent's business with the E-Rate Program.

⁴ In fact, no Technology Plans were prepared by the schools or submitted to USAC. Somehow, Ferrano obtained approvals for the Schools' requests for funds without Technology Plans, something that neither Mr. Haurey nor Mr. Zaltsman could have done. Here again, this may have been based on a USAC "insider" who assisted Ferraro.

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had misled them regarding E-Rate, nonetheless requested assistance from Exigent with applying for additional E-Rate funding in the proper fashion. Moreover, with respect to Exigent's relationship with the Schools, we are confident that, if interviewed by USAC, in every instance school representatives will speak positively of the usefulness of the equipment delivered, configured and installed, as well as that it was Ferrano who made all representations regarding what was permissible under the E-Rate Program rules.

2. Exigent Seeks The Advice Of Counsel, Terminates Ferrano, Discontinues Its Participation In The E-Rate Program, And Informs The Schools That Ferrano Misled Them All.

Ultimately, Exigent received funds in only one E-Rate funding year, Year 4, for which it received \$1,120,172.43 in E-Rate funds. By the time the E-Rate checks began arriving at Exigent's office, Dan and Alex had become concerned about Ferrano's conduct. Indeed, Mr. Haurey immediately contacted Exigent's attorney, Kurt Olender, Esq., at the Newark, New Jersey office of the law firm of Reed Smith, L.L.P. Haurey provided Mr. Olender with an overview of the situation and sought advice. After consulting with another attorney in his office, Mr. Olender indicated that Exigent could deposit the checks and that nothing improper appeared to have occurred.

Exigent began to suspect, notwithstanding the advice of Mr. Olender, that Ferrano had misrepresented the program's requirements. Accordingly, Exigent terminated its relationship with Ferrano. Around this time, Mr. Haurey took a representative from two of the Schools to lunch and explained that Ferrano had misrepresented the E-Rate Program rules and that Exigent would no longer participate in the program. Exigent also sent the Schools a letter indicating that it would no longer participate in the E-Rate Program.⁵

III. PROCEDURAL HISTORY SINCE EXIGENT'S VOLUNTARY DISCLOSURE

Since Exigent's actions in coming forward and freely disclosing the above rule violations and potential additional fraud upon the E-Rate Program, the following has occurred.

- On February 18, 2004, Exigent received five (5) Commitment Adjustment Letters which, in sum, sought repayment of over \$1 million, an amount that includes the value of the equipment and services actually provided to the schools.
- On April 15, 2004, according to USAC procedures, Exigent filed a notice of appeal of the decisions reached in the Commitment/Adjustment Letters, and the requests contained therein for the return of funds. Exhibit 6. That letter was received by USAC on April 20, 2004.

⁵ Later, at the Schools' request, Exigent agreed to perform work in the future for two of the Schools, provided all E-Rate Program rules were honored.

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- On June 16, 2004, Exigent received Repayment/Offset Demand Letters regarding the above referenced matters. Because these matters were under appeal, we contacted the SLD Help Line at 1-888-203-8100 and inquired as to the effect of these letters. We were told to ignore these letters because the matters had been appealed.
- On July 1, 2004, Exigent received the Administrator's Decision on Appeal. That decision is the basis of this request for a waiver/appeal.
- On July 22, 2004, Exigent received a second set of Repayment/Offset Demand Letters regarding the above referenced matters. Once again, this Firm, on behalf of Exigent, contacted the SLD Help Line at 1-888-203-8100. The call was assigned case number 21115518, and the undersigned spoke with Jackie in the Technical Client Service Bureau. She informed me that because of the appeal, the SLD was "kind of out of the loop" and that the Repayment/Offset Demand Letters would continue to be automatically generated and sent to me. She also informed me that we should ignore those letters and that it would be a good idea to send a copy of the appeal documents, and other relevant documents, to the address appearing on the second set of Repayment/Offset Demand Letters. That was done immediately and this request for a waiver/appeal has followed.

IV. THE RESOLUTION OF THIS MATTER

Exigent hereby requests a waiver of the rules and procedures the FCC (the "Commission") would otherwise ordinarily use to recoup the money paid to Exigent and the Schools through the E-Rate Program. "The Commission has general authority to suspend, waive, or amend its rules ... for good cause." In re Changes to the Board of Directors of the Nat'l Exchange Carrier Ass'n, Inc., CC Docket Nos. 97-21, 96-45 (October 8, 1999 Order) at ¶ 6. See also 47 C.F.R. § 1.3. The Commission has acknowledged that "good cause exists to waive a Commission rule if special circumstances warrant a deviation from the general rule, and such deviation will serve the public interest." In re Changes, CC Docket Nos. 97-21, 96-45 at ¶ 6. This matter satisfies that standard.

First, special circumstances are clearly present. From the start, Exigent has been proactive and forthright in reporting and attempting to correct the fraud perpetrated on it, the Schools and USAC. By providing timely and specific information, Exigent has assisted USAC by investigating, and hopefully preventing, additional fraud by Ferrano and possibly helped root out his "inside" contacts at USAC. And, from the very beginning, Exigent has offered to repay a substantial amount of money. Based upon a review of SLD and FCC opinions and orders, none of which contain evidence of such acts by a service provider, it is clear that Exigent's actions in this regard are extraordinary and that, therefore, the circumstances of this case are "special," within the meaning of the Commission's decisions. E.g., In re Changes, CC Docket Nos. 97-21, 96-45 at ¶ 6.

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Further distinguishing this case from the typical appeal or request for a waiver, is the fact that the owners of Exigent, Mr. Haurey and Mr. Zaltsman, never intended to do anything wrong. Rather, they were lied to by Ferrano, who had intimate knowledge of the E-Rate Program based upon his prior employment. Indeed, when Mr. Haurey and Mr. Zaltsman realized what had happened, they took immediate steps to report and redress it, and to protect their small start-up company and the jobs of their few employees. This lack of any improper motive also renders the circumstances of this matter special.

Second, a waiver will serve the public interest by furthering the Commission's goal of eliminating fraud in the E-Rate Program. In re Federal State Joint Board of Universal Service, CC Docket Nos. 96-45, 97-21, 02-6 (July 30, 2004 Order) at ¶ 13. See also www.sl.universalservice.org/reference/whistle.asp (outlining the E-Rate whistleblower program and noting that "[a]ssuring effective stewardship of the E-rate [funds] by guarding against misuse or waste of E-rate funds is a priority shared by USAC, the Schools and Libraries Division, the FCC, applicants, service providers, and the public"). Certainly, acknowledging Exigent's remedial and preventive conduct here would encourage other companies to do the same, thereby encouraging the salutary and cost-efficient process of self-policing, toward the end of eliminating E-Rate fraud. For example, in this case, at the very time Exigent alerted USAC to Ferraro's fraud, Exigent also informed USAC that Ferrano had generated millions of dollars in then-pending E-Rate requests at his then-current job, and we subsequently informed USAC that Ferrano had over one million in requests at his following position. Exhibit 1. We believed then, and based on the rejection of many of these requests after Exigent provided information to USAC, continue to believe that those requests were fraudulent and were not disbursed solely because of Exigent's proactive stance in this matter. Thus, simply as a matter of fraud prevention, and to ensure the future of E-Rate, an important government program, with which Exigent was proud to be associated, a waiver should be granted.

Further, waiver, or some other modification of the amount sought by USAC, would further the Commission's goal, as recently enunciated, that recovery efforts be "directed at whichever party or parties has committed the statutory rule violation." In re Federal-State Board on Universal Service, Order On Reconsideration And Fourth Report And Order, (Order dated July 30, 2004) at ¶ 1. Because "the obligation to pay the appropriate non-discounted share" belongs to the school, id. at ¶ 15, it is, under the unique circumstances of this case, inappropriate to hold Exigent solely responsible for the funds at issue.

Finally, the requirement of a \$1 million payment to USAC will, without question, put Exigent out of business and place Mr. Haurey, Mr. Zaltsman, and their few employees out of work during very difficult economic times. Such a result would not serve the public interest. Dan and Alex are young men with bright futures in the computer business. Mr. Haurey is married and has three young children. Mr. Zaltsman is similarly married and will be starting a family soon. Once they realized the difficult position in which they had been placed by Ferrano, Mr. Haurey and Mr. Zaltsman have, at every turn, attempted to do what was right. Even after several of the Schools were informed of Ferrano's misrepresentations, they have asked Mr. Haurey and Mr. Zaltsman to continue to maintain their networks, which they did. And, most

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importantly, Mr. Haurey and Mr. Zaltsman have continually sought, and heeded, the advice of counsel.

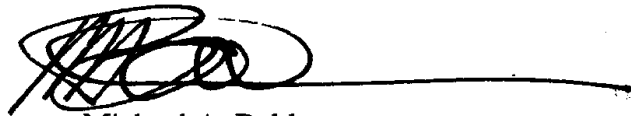
Mr. Haurey and Mr. Zaltsman realize, however, that they should have performed more due diligence with respect to the E-Rate Program rules and that they erred by relying on Ferrano's claims of expertise. Based on their recognition of these deficiencies, and their acceptance of responsibility for their business practices, they have stepped forward and attempted to resolve this matter and put it behind them as quickly as possible. To this end, Mr. Haurey and Mr. Zaltsman remain ready to pay USAC over \$100,000, provide all available information in order to resolve this matter quickly and assist USAC in preventing the disbursement of millions of dollars from the Universal Service Fund based on invalid funding requests.

During a conversation between the undersigned and Kristy Carroll, Esq., of USAC's General Counsel's Office, on January 3, 2003, Ms. Carroll indicated, understandably, that based on the information provided by Exigent, USAC's immediate focus would be to determine if USAC could avoid disbursing \$5 million based on funding requests that had been improperly submitted by Diversified Computer Systems, Inc. Ms. Carroll further indicated that USAC personnel would then evaluate Exigent's participation in the E-Rate Program and that a final resolution of this matter would be discussed. Mr. Haurey, Mr. Zaltsman and I remain ready to resolve this matter in just such a way, recognizing the importance of USAC's mission, as well as the unique facts of this case and the manner in which it came to USAC's attention.

* * * *

Thank you for your kind attention to this matter. If you have any questions, please do not hesitate to contact me at 973-596-4901. Mr. Haurey, Mr. Zaltsman and I look forward to reaching an amicable and swift resolution to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'M. Baldassare', with a long horizontal line extending to the right.

Michael A. Baldassare

MAB/jhc

cc: Exigent Technologies, LLC
Universal Service Administrative Company

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July 23, 2003

VIA FACSIMILE AND REGULAR MAIL

Kristy L. Carroll, Esq.
Associate General Counsel
Universal Service Administrative Company
Suite 600
2120 L Street N.W.
Washington, D.C. 20037

Re: Exigent Technologies, L.L.C.

Dear Ms. Carroll:

As you know, this firm represents Exigent Technologies, L.L.C., regarding its participation in the E-Rate Program. Pursuant to our discussions over the last few weeks, during which you expressed USAC's appreciation for Exigent's decision to come-forward with respect to this matter, including how unique such a step has been in your experience with the E-Rate Program, I am in the process of preparing a letter to supplement Exigent's January 6, 2003 report to USAC in which we set forth the facts surrounding Exigent's retention of this firm to conduct an internal investigation into its participation in the E-Rate Program, as well as the results of that investigation, Exigent's proposed remedy and, perhaps most importantly, information that could help USAC avoid paying out millions of dollars in potentially fraudulent funding requests. You should receive the supplemental letter by the end of this week.

In furtherance of our continuing course of cooperation, today's letter is intended to inform you that based on information Exigent received late last week, it appears that Robert Ferrano is no longer at Diversified Computer Solutions, Inc., in Ledgewood, New Jersey (although Exigent remains confident that USAC should investigate the E-Rate funding requests submitted by Diversified Computer Solutions during Mr. Ferrano's employment there). Based on the available information, Exigent believes that Mr. Ferrano is currently employed at Independent Computer Maintenance, L.L.C., located at 1037 Route 46 East, Clifton, New Jersey, Suite C102. The funding requests submitted by Independent Computer Maintenance for the

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Kristy L. Carroll, Esq.
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current funding year total in excess of \$1.4 million. Recent E-Rate submissions by that company include:

<u>471 App. No.</u>	<u>FRN.</u>	<u>Applicant Name</u>	<u>Applicant State</u>	<u>Applicant City</u>
378581	1039749	AL-GHAZALY ELEMENTARY SCHOOL	NJ	JERSEY CITY
378637	1040026	AL-GHAZALY HIGH SCHOOL	NJ	TEANECK
379745	1044104	CATHEDRAL PREP ACADEMY	NJ	PERTH AMBOY
378468	1039230	DAR AL-HIKMAH ELEMENTARY SCHOOL	NJ	PROSPECT PARK
378990	1040885	HORIZON SCHOOL	NJ	LIVINGSTON
379570	1043190	JERSEY CITY COMMUNITY CHARTER SCHOOL	NJ	JERSEY CITY
379570	1043229	JERSEY CITY COMMUNITY CHARTER SCHOOL	NJ	JERSEY CITY
379321	1042413	KEARNY CHRISTIAN ACADEMY	NJ	KEARNY
378786	1040289	MIFTAAHUL ULOOM	NJ	UNION CITY
378786	1040374	MIFTAAHUL ULOOM	NJ	UNION CITY
378786	1040349	MIFTAAHUL ULOOM	NJ	UNION CITY
378786	1040325	MIFTAAHUL ULOOM	NJ	UNION CITY
379161	1041635	NEW HORIZON COMMUNITY SCHOOL	NJ	NEWARK
379161	1041774	NEW HORIZON COMMUNITY SCHOOL	NJ	NEWARK
379161	1041677	NEW HORIZON COMMUNITY SCHOOL	NJ	NEWARK
379161	1041734	NEW HORIZON COMMUNITY SCHOOL	NJ	NEWARK
378328	1039589	NEW VISIONS ACADEMY	NJ	NEWARK
378791	1044433	UNIVERSITY ACADEMY CHARTER HIGH SCHOOL	NJ	JERSEY CITY
378791	1044754	UNIVERSITY ACADEMY CHARTER HIGH SCHOOL	NJ	JERSEY CITY
378791	1044834	UNIVERSITY ACADEMY CHARTER HIGH SCHOOL	NJ	JERSEY CITY
378791	1044875	UNIVERSITY ACADEMY CHARTER HIGH SCHOOL	NJ	JERSEY CITY

Considering Mr. Ferrano's past history at Exigent, the significant increase in E-Rate requests that occurred, for example, at Diversified Computer Solutions after he was hired, and the fact that Mr. Ferrano appears to continue to target schools in economically challenged locations, we believe these funding requests and Mr. Ferrano should be investigated. Exigent instructed me to pass this potentially valuable information along to USAC as soon as possible and, to that end, requested that I not wait until the supplemental letter is completed.

As noted, I will have the supplementary letter to you later this week. If you have any questions about this, or any other aspects of our endeavors to resolve the matters referred to in Exigent's January 6, 2003 report to USAC, please do not hesitate to contact me. I look forward to speaking with you soon.

Very truly yours,


Michael A. Baldassare